



AGENDA REPORT OVERSIGHT BOARD CITY OF MAYWOOD

DATE: NOVEMBER 16, 2016
TO: OVERSIGHT BOARD
FROM: MICHAEL B. MONTGOMERY, BOARD COUNSEL *MBM*
SUBJECT: 5102-5110 DISTRICT BOULEVARD

BACKGROUND:

A. The Successor Agency owns two large buildings on District, and must dispose of them pursuant to the long-range management plan. They have been abandoned and ignored for over 10 years, with no offers to purchase or lease.

The problem appears to be the condition of the buildings, which would require large sums of money to refurbish.

The Agency has a negotiated offer for both properties, in the total sum of \$850,000, as land value, with an intent to demolish both buildings. The Agency's appraisals are at \$1,756,000, total, giving the buildings land value, and the Buyer's appraisals at \$560,000 total.

Maywood gets none of the purchase price initially; it is divided up among the taxing agencies, giving the City eventually about 11%. The conflict is:

1. A higher price benefits the local taxing agencies;
2. A lower price gets the property out of the Successor Agency, on the tax rolls, and earning money.

This buyer has stated that it wants to install "24/7 Bingo" as in Hawaiian Gardens, which will pay substantial proceeds to the City.

DISCUSSION: The Successor Agency wishes to go ahead with the purchase. If this Board approves, escrow instructions have been drawn for review and approval by the Department of Finance.

The initial offer, summation pages, and the confirmation of acceptance of counter-offer, are attached for the Members' review.

In addition, a copy of the Successor Agency's acceptance, and a copy of the FLRPM plan is also attached. If approved, the deed of trust will be assigned to the County for collection and disbursement of proceeds.

B. The Successor Agency adopted Resolution No. 15-05 on October 15, 2015, approving the Final Amended Long Range Property Management Plan. This Plan provides at its' page 14:

"Considering the location of the District Blvd. Properties, across from an elementary school, a residential neighborhood and two major arterial streets, a multi-family, affordable housing project on this site, with ground floor commercial retail opportunities and open space amenities, would provide additional housing opportunities to the hundreds of residents displaced over the past decade by the Los Angeles Unified School District (LAUSD)."

And at page 16:

"Likewise, if the Department of Finance authorizes the Successor Agency to transfer the District Blvd. properties to the City for Future Development, the residents and businesses, and community at large would benefit from the new property tax revenues, increased sales taxes, a larger inventory of affordable housing, and more local jobs — all of which would help to improve the local economy and the quality of life in Maywood."

It also provides for conveyance to the City was part of a housing development.

RECOMMENDATIION:

In order to implement the proposed Bingo facility the FLRPM should be amended to permit long-term charitable facilities, which pay revenues to the City, to be an acceptable re-use of the subject properties, and that the Successor Agency be allowed to convey the properties directly to the charities' sponsor. A copy of the adopting Resolution to the Oversight Board by the Successor Agency is attached.



ACG Companies

August 3, 2016

Reuben Martinez
City of Maywood
4319 E. Slauson Ave.
Maywood, CA 90270

RE: **Offer to Purchase 100% of the Fee Simple Interest in the real property located at 5102 and 5110 District Blvd. Maywood, CA 90270, further identified in Exhibit "A" attached hereto (the "Property(s"))**

Dear Reuben,

Acer Capital Group, LLC. ("ACG") through a to-be-named nominee (the "**Buyer**"), hereby offers to purchase 100% of the fee simple interest in the Property, owned solely or controlled by you through the State of California (herein: the "**Seller**").

Buyer hereby offers to enter into a definitive purchase and sale agreement (the "**Definitive Agreement**") which will contain the following material terms and conditions:

1. **Property:** The Property shall consist of the 100% fee simple interest in the Property identified in Exhibit "A" attached hereto. Below are two options that we're willing to execute on.
2. **Purchase Options:**
 - (i) \$250,000 all cash at closing.
 - (ii) 100% of the as-is appraised value (\$560,000.00) to be paid as follows:
 - a. \$25,000 cash at closing.
 - b. Remainder as a subordinated 5 year note at 4% interest.

All property taxes and other assessments with respect to the Property, for the year in which the Closing occurs, shall be prorated as of the Closing

3. **Deposit:** Upon the execution and delivery of the Definitive Agreement, Buyer will post a refundable deposit in the amount of Twenty Five Thousand dollars (\$25,000) (the "**Deposit**"). Upon the expiration of the Due Diligence Period (as hereinafter defined) and provided that Buyer has not elected to terminate the Definitive Agreement, the Deposit shall become non-refundable. The Deposit shall be held in escrow at Chicago Title. The Definitive Agreement will provide for damages in the amount of the Deposit, as the sole and exclusive remedy of Seller, for a default by Buyer under the Definitive Agreement.

4. **Definitive Agreement:** Following the acceptance of this offer, Seller and Buyer will timely, diligently, and in good faith, negotiate the terms and conditions of the Definitive Agreement.
5. **Due Diligence Period:** Commencing on the date of the Seller's execution of the Letter Agreement and continuing after the delivery of the Definitive Agreement by Seller and Buyer, and terminating at 5:00 p.m. (Pacific Standard time) on the date which is thirty (30) days from the receipt of all applicable due diligence information (the "**Due Diligence Period**"), Buyer shall have the right to the following: (x) to complete further inspection and study of the Property and all aspects thereof; and (y) to review and approve all of the additional documents delivered to Buyer. If Buyer disapproves of any such matters (which disapproval shall be in Buyer's sole and absolute discretion), Buyer shall have the right to terminate the Definitive Agreement by written notice to Seller or Escrow at any time during the Due Diligence Period and in such event the Deposit (together with any interest earned thereon) shall be refunded to Buyer without any further action required of either party. If Buyer fails to so notify Seller or Escrow during the Due Diligence Period of Buyer's disapproval of any such matters, Buyer shall be deemed to have disapproved such matters. During the Due Diligence Period, Buyer shall have access to the Property, accompanied by a duly authorized representative of Seller during normal business hours and upon no less than twenty-four (24) hours notice, to conduct such physical inspections of the Property and such reviews of the Property's books, records and files as Buyer deems necessary. Buyer agrees to indemnify, defend, protect and hold Seller harmless from and against any cost, liability, damage and/or expense (including, without limitation, reasonable attorney's fees and expenses) incurred by Seller as a direct result of, or in connection with, the entry and/or work or studies upon the Property made by Buyer or its agents under this Section. In no way shall the foregoing indemnity provision be construed as obligating Buyer to indemnify Seller against any liability, loss or cost associated with the presence of any environmental hazard or contaminant which is discovered during Buyer's investigations.
6. **Notification Letter:** On or prior to the expiration of the Due Diligence Period, Buyer shall provide a "**Notification Letter**" indicating its commitment to negotiate and enter into transaction documents with Seller subject to certain reasonable closing conditions. If Buyer does not provide a Notification Letter on or prior to the expiration of the Due Diligence Period, Buyer's rights under this "Letter of Intent" shall lapse.
7. **Closing Obligations of Seller:** At Closing, Seller's obligations include, but are not limited to, delivering the following to Buyer at Seller's sole cost and expense:
- (i) A General Warranty Deed(s) prepared and executed by Seller conveying to Buyer good, indefeasible, merchantable and marketable fee simple title to the Property, free and clear of any liens or other encumbrances created or suffered by Seller, except for permitted exceptions by Buyer; and,
 - (ii) An ALTA Owner's Title Policy issued by Chicago Title Company listing Buyer as the insured in the amount of the Purchase Price and insuring that Buyer owns good and indefeasible fee simple title to the Property subject only to the permitted exceptions by Buyer.
8. **Closing:** Subject to the satisfaction of customary conditions precedent, Buyer shall use good faith efforts to close on the acquisition of the Property (the "**Closing**") by September 29, 2016.
9. **Documents:** Seller will deliver, as soon as reasonably practicable after the date of acceptance of this letter by Seller, to ACG copies of all documents, reports and other items requested by ACG on SCHEDULE 1 and any additional documents or information with respect to the Property or Seller that may be reasonably requested by ACG and are in Seller's possession or available to Seller without additional cost (other than delivery charges).
10. **Assignment:** ~~Each party~~ ^{BUYER NOT} will have the right to assign its rights under this Letter of Intent to a third party ^{WITHOUT SELLER'S APPROVAL}. This shall inure to the benefit of the parties and their successors and assigns.


11. **Binding Letter:** By the execution and delivery of this letter, Buyer and Seller agree to negotiate in good faith the terms and provisions of the Definitive Agreement based upon the terms hereof. Upon the mutual execution and delivery of the Definitive Agreement by the parties, their respective legal rights and obligations will then be only those set forth in the Definitive Agreement.
12. **Confidentiality:** The Parties and each of their affiliates and representatives agree to treat the information contained in this letter, including the terms and conditions set forth herein, and the Buyer, its affiliates and representatives agree to treat any confidential information as may be provided in the Definitive Agreement.
13. **Counterparts: Counterparts and Facsimile:** This letter may be executed in any number of counterparts and delivered via facsimile, each of such counterparts shall be deemed an original, but all of which shall constitute one and the same instrument. It shall not be necessary to produce or account for more than one such counterpart with each party's signature in making proof of this letter agreement.

SIGNATURES ON FOLLOWING PAGE

Seller shall have until 5:00 p.m. Pacific Standard Time on August 19, 2016 to accept the terms and provisions of this letter. If this letter is not accepted by the aforementioned date, the provisions of this letter shall be null and void. We look forward to working with you on this transaction.

Sincerely,

ACER CAPITAL GROUP, LLC

By: 
Its: Managing Partner

AGREED TO AND ACCEPTED ON THIS OF AUGUST 2016

CITY OF MAYWOOD

By: _____
Its:

LAND APPRAISAL REPORT

File No. 072214-7

Census Tract 5324.00 Map Reference 675-F5Owner Acer Capital Group
Property Address 5102 District Blvd.
City MaywoodCounty LOS ANGELESState CAZip Code 90270Legal Description APN# 6313-001-012Sale Price \$ PRICE P.S.F. Date of Sale N/A Loan Term _____ yrs. Property Rights Appraised ☒ Fee ☐ Leasehold ☐ De Minimis PUDActual Real Estate Taxes \$ 0 (yr) _____ Loan charges to be paid by seller \$ _____ Other sales concessions NONE NOTEDLender/Client Acer Capital Group Inc.

Address _____

Occupant VACANT Appraiser J. W. TANNER Instructions to Appraiser ESTIMATE MARKET VALUE AS VACANT LAND

Location	<input checked="" type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural	<table border="0"> <tr> <td>Employment Stability</td> <td><input type="checkbox"/> Good</td> <td><input checked="" type="checkbox"/> Avg.</td> <td><input type="checkbox"/> Fair</td> <td><input type="checkbox"/> Poor</td> </tr> <tr> <td>Convenience to Employment</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Convenience to Shopping</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Convenience to Schools</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Adequacy of Public Transportation</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Recreational Facilities</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Adequacy of Utilities</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Property Compatibility</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Protection from Detrimental Conditions</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Police and Fire Protection</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>General Appearance of Properties</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Appeal to Market</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	Employment Stability	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Avg.	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Convenience to Shopping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Convenience to Schools	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Recreational Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adequacy of Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	General Appearance of Properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Appeal to Market	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Single Family Price Range	\$ <u>275,000</u> to \$ <u>400,000</u>		Predominant Value \$ <u>300,000</u>																																																													
Single Family Age	<u>50</u> yrs. to <u>80</u> yrs.		Predominant Age <u>70</u> yrs.																																																													

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): THE NEIGHBORHOOD CONSISTS OF A DIVERSE MIX OF A FEW SFR'S, 2-4 UNIT BUILDINGS, MULTI-FAMILY DWELLINGS AND A HOST OF INDUSTRIAL TYPE PROPERTIES FOUND ALONG THE TRAFFIC CORRIDORS. THE SUBJECT IS PROXIMATE TO ALL CONSUMER AND CIVIC SERVICES AND NEEDS AND HAS GOOD ACCESS TO THE FWY. SYSTEM. S/P FRONTS 5 LANE INDUSTRIAL TRAFFIC ST. W/CORNER EXPOSURE.

Dimensions IRREGULAR = 12,070 Sq. Ft. or Acres ☒ Corner Lot

Zoning classification CM (GENERAL COMMERCIAL/MANUFACTURING) Present Improvements ☐ do ☒ do not conform to zoning regulations

Highest and best use ☐ Present use ☒ Other (specify) WAREHOUSE/WITH INCIDENTAL OFFICE.

Elec. ☒ Public ☐ Other (Describe) _____

Gas ☒ _____

Water ☒ _____

San. Sewer ☒ _____

☐ Underground Elect. & Tel. _____

OFF SITE IMPROVEMENTS

Street Access ☒ Public ☐ Private

Surface PAVED ASPH/DIRT

Maintenance ☒ Public ☐ Private

☒ Storm Sewer ☒ Curb/Gutter

☒ Sidewalk ☒ Street Lights

Topo LEVEL AT CURB GRADE

Size TYPICAL FOR THE AREA

Shape TRAPEZOID

View NONE

Drainage APPEARS ADEQUATE

Is the property located in a HUD Identified Special Flood Hazard Area? ☒ No ☐ Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): THE SUBJECT SITE IS AVERAGE SIZED AND GRADED AT STREET LEVEL. THIS CORNER LOT IS CONCRETE PAVED WITH CURBS, GUTTERS AND SEWER SYSTEM. THERE ARE NO ENCROACHMENTS NOTED. THERE ARE TYPICAL UTILITY EASEMENTS PRESENT. SUBJECT LOT FRONTS TO A 5 LANE INDUSTRIAL FEEDER TRAFFIC STREET. IT IS LOCATED ON A CORNER.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	5102 District Blvd. Maywood, Ca. 90270	4459 E 52nd St Maywood, CA 90270	5252 Atlantic Blvd Maywood, CA 90270	4529 Cecilia St Cudahy, CA 90201
Proximity to Subject		0.02 miles NW	0.14 miles SE	2.37 miles S
Sales Price	\$ PRICE P.S.F.	\$ 27.62	\$ 25.64	\$ 23.09
Price SALE PRICE	\$	\$ 625,000	\$ 144,283	\$ 935,000
Data Source	INSPECTION	CoStarDoc#0372812	CoStarDoc#0035211	CoStarDoc#0827916
Date of Sale and Time Adjustment	DESCRIPTION N/A	DESCRIPTION 4/5/2016	DESCRIPTION 1/12/2016	DESCRIPTION 7/9/2015
Location	5 Ln. Feeder/Corner	5 Ln. Feeder/Corner	4 Ln. Art Trfc/SupExp	2 Ln Industrial/Inf.
Site/View	12,070/NONE	22629/NONE	5628/NONE	40489/NONE
IMPROVEMENTS	6,844 SF OFC	5450 SF Indstrl Bldg	VACANT/NONE	Industrial Bldg
UTILITIES	ALL TO SITE	ALL TO SITE	ALL TO SITE	ALL TO SITE
ZONING	CM	CM	CM	M2 (INFERIOR)
Sales or Financing Concessions	NONE NOTED	CASH DEAL	CASH DEAL	CASH DEAL
Net Adj. (Total)		<input type="checkbox"/> + <input type="checkbox"/> - \$	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -2.56	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4.62
Indicated Value of Subject		\$ 27.62	\$ 23.08	\$ 27.71

Comments on Market Data: with a relatively tight range in place of \$23.08 to \$27.71 P.S.F., The appraiser selects \$25.00 P.S.F. as an indicated

Supplemental Addendum

File No. 072214-7

Borrower/Client	Acer Capital Group			
Property Address	5102 District Blvd.			
City	Maywood	County	LOS ANGELES	State CA Zip Code 90270
Lender	Acer Capital Group Inc.			

Comparable sales number one and 2 are weighted most as they are most proximate. Comparable sale number one is literally one lot away from the subject and comparable sale number 2 was taken from the subject's city. The subject is valued towards the middle to upper end of the value range because of its good location and utility.

Based on inter-comparisons between the 4 comparable sales, the appraiser finds that no size adjustments were warranted therefore none were made. The economy of scale does not appear to be a factor with the comparable sales utilized in this report.

\$302,000

LAND APPRAISAL REPORT

Main File No. 072215-7 Page #1

File No. 072215-7

IDENTIFICATION

Borrower Acer Capital Group Census Tract 5334.03 Map Reference 675-F5
 Property Address 5110 District Blvd.
 City Maywood County LOS ANGELES State CA Zip Code 90270
 Legal Description PORTION OF LOT 2689, 2690 & 2691, TRACT NO. 5953, M.B. 65, PAGES 97 -98
 Sale Price \$ PRICE P.S.F. Date of Sale N/A Loan Term _____ yrs. Property Rights Appraised ☒ Fee ☐ Leasehold ☐ De Minimis PUD
 Actual Real Estate Taxes \$ 0 (yr) Loan charges to be paid by seller \$ _____ Other sales concessions NONE NOTED
 Lender/Client Acer Capital Group Inc. Address _____
 Occupant VACANT Appraiser J. W. TANNER Instructions to Appraiser ESTIMATE MARKET VALUE AS VACANT LAND

NEIGHBORHOOD

Location	<input checked="" type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Good	Avg.	Fair	Poor
Built Up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth Rate	<input checked="" type="checkbox"/> Fully Dev.	<input type="checkbox"/> Rapid	<input type="checkbox"/> Steady	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Single Family Price Range	<u>\$ 275,000</u>	<u>to \$ 400,000</u>	<u>Predominant Value \$ 300,000</u>				
Single Family Age	<u>50 yrs. to</u>	<u>80 yrs.</u>	<u>Predominant Age 70 yrs.</u>				

Employment Stability ☐ ☒ ☐ ☐
 Convenience to Employment ☐ ☒ ☐ ☐
 Convenience to Shopping ☐ ☒ ☐ ☐
 Convenience to Schools ☐ ☒ ☐ ☐
 Adequacy of Public Transportation ☐ ☒ ☐ ☐
 Recreational Facilities ☐ ☒ ☐ ☐
 Adequacy of Utilities ☐ ☒ ☐ ☐
 Property Compatibility ☐ ☒ ☐ ☐
 Protection from Detrimental Conditions ☐ ☒ ☐ ☐
 Police and Fire Protection ☐ ☒ ☐ ☐
 General Appearance of Properties ☐ ☒ ☐ ☐
 Appeal to Market ☐ ☒ ☐ ☐

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): THE NEIGHBORHOOD CONSISTS OF A DIVERSE MIX OF A FEW SFR'S, 2-4 UNIT BUILDINGS, MULTI-FAMILY DWELLINGS AND A HOST OF INDUSTRIAL TYPE PROPERTIES FOUND ALONG THE TRAFFIC CORRIDORS. THE SUBJECT IS PROXIMATE TO ALL CONSUMER AND CIVIC SERVICES AND NEEDS AND HAS GOOD ACCESS TO THE FWY. SYSTEM. S/P FRONTS 5 LANE INDUSTRIAL TRAFFIC ST. W/CORNER EXPOSURE.

SITE

Dimensions IRREGULAR = 11,480 Sq. Ft. or Acres ☒ Corner Lot
 Zoning classification CM (GENERAL COMMERCIAL/MANUFACTURING) Present Improvements ☐ do ☒ do not conform to zoning regulations
 Highest and best use ☐ Present use ☒ Other (specify) WAREHOUSE/WITH INCIDENTAL OFFICE.
 Public ☒ Other (Describe) _____
 Elec. ☒ OFF SITE IMPROVEMENTS Topo LEVEL AT CURB GRADE
 Gas ☒ Street Access ☒ Public ☐ Private Size TYPICAL FOR THE AREA
 Water ☒ Surface PAVED ASPH/DIRT Shape TRAPEZOID
 San. Sewer ☒ Maintenance ☒ Public ☐ Private View NONE
☐ Underground Elect. & Tel. ☒ Storm Sewer ☒ Curb/Gutter Drainage APPEARS ADEQUATE
☒ Sidewalk ☒ Street Lights Is the property located in a HUD Identified Special Flood Hazard Area? ☒ No ☐ Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): THE SUBJECT SITE IS AVERAGE SIZED AND GRADED AT STREET LEVEL. THIS CORNER LOT IS CONCRETE PAVED WITH CURBS, GUTTERS AND SEWER SYSTEM. THERE ARE NO ENCROACHMENTS NOTED. THERE ARE TYPICAL UTILITY EASEMENTS PRESENT. SUBJECT LOT FRONTS TO A 5 LANE INDUSTRIAL FEEDER TRAFFIC STREET. IT IS LOCATED ON A SIGNALIZED CORNER.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	5110 District Blvd. Maywood, Ca. 90270	4459 E. 52ND ST. VERNON, CA 90058	5252 ATLANTIC BLVD. MAYWOOD, CA 90270	4529 CECELIA ST. CUDAHY, CA 90201
Proximity to Subject		0.06 miles W	0.13 miles S	2.38 miles S
Sales Price	\$ PRICE P.S.F.	\$ 27.62	\$ 25.64	\$ 23.09
Price SALE PRICE	\$	\$ 625,000	\$ 144,283	\$ 935,000
Data Source	INSPECTION	CoStarDoc#0372812	CoStarDoc#0035211	CoStarDoc#0827916
Date of Sale and Time Adjustment	DESCRIPTION N/A	DESCRIPTION 4/5/2016	DESCRIPTION 1/12/2016	DESCRIPTION 7/9/2015
Location	5 Ln.Feeder/Corner	5 Ln.Feeder/Corner	4 LnArtTrfc/SupExp	2 Ln Industrial/Inf.
Site/View	11480/None/Triangle	22629/None/Rctngl	5628/None/Rctngl	40489/None/Rctngl
IMPROVEMENTS	7200 SF OFC	5450 SF Indstrl Bldg	VACANT/NONE	Industrial Bldg
UTILITIES	ALL TO SITE	ALL TO SITE	ALL TO SITE	ALL TO SITE
ZONING	CM	CM	CM	M2 (INFERIOR)
Sales or Financing Concessions	NONE NOTED	CASH DEAL	CASH DEAL	CASH DEAL
Net Adj. (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -2.76	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -5.12	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 2.31
Indicated Value of Subject		\$ 24.86	\$ 20.52	\$ 25.4

Comments on Market Data: with a relatively tight range in place of \$20.52 to \$25.40 P.S.F., The appraiser selects \$22.50 P.S.F. as an indicated

Supplemental Addendum

File No. 072215-7

Borrower/Client	Acer Capital Group			
Property Address	5110 District Blvd.			
City	Maywood	County	LOS ANGELES	State CA Zip Code 90270
Lender	Acer Capital Group Inc.			

\$22.50 per square foot x 11,480 ft.² equals \$258,300 this figure will then be rounded to \$258,000 the subjects lot shows an appraised value of \$258,000.

Comparable sales number 1 and 2 are weighted most as they are most proximate. Comparable sale number 1 is literally one lot away from the subject and comparable sale number 2 was taken from the subject's city. The subject is value towards the lower end of the value range because of its awkward shape which creates developmental limitations.

Based on inter-comparisons between the 4 comparable sales, the appraiser finds that no size adjustments were warranted therefore none were made. The economy of scale does not appear to be a factor with the comparable sales utilized in this report.



June 27, 2016

David Mango
Director of Building & Planning
City of Maywood
4319 East Slauson Avenue
Maywood, California 90270

Re: **5102 District Boulevard Office Building**

Dear Mr. Mango:

At your request, we physically inspected the commercial property located at 5102 District Boulevard, Maywood, California 90270 in order to prepare an appraisal report.

It is our opinion that, based on the data and analysis contained in the accompanying report, the fee simple market value of the subject property on June 21, 2016 was Eight Hundred Sixty Two Thousand Dollars.

\$862,000.00

Very truly yours,

A handwritten signature in black ink, appearing to read "Ben F. Tunnell III".

Ben F. Tunnell III
Chairman
Certified General Real Estate Appraiser
#AG006964

A handwritten signature in black ink, appearing to read "Stephen R. O'Rourke".

Stephen R. O'Rourke, ASA
Senior Vice President
Certified General Real Estate Appraiser
#AG036788

BT:kp
N4758.rpt



SUMMARY OF SALIENT FACTS & CONCLUSIONS

Client:	The City of Maywood
Owner:	The City of Maywood
Property Type:	Commercial
Property Location:	5102 District Boulevard Maywood, CA 90270
Assessor Parcel Number(s):	6313-001-902
Purpose of the Appraisal:	To estimate the value of the subject property.
Intended Use:	To assist the client in reviewing the asset value of the subject property.
Property Rights Appraised:	Fee Simple Estate
Date of Report:	June 27, 2016
Date of Value:	June 21, 2016
Parcel:	
Size:	12,070 square feet
Shape:	Irregular
Zoning:	CM, Commercial Manufacturing
Topography:	Level
Improvements:	
Gross Building Area (GBA):	6,843 square feet
Year Built:	1968
Parking:	26 spaces
Overall Condition:	Average (-)
Estimated Effective Age:	40 years
Estimated Remaining Economic Life:	10 years
Occupancy:	Single tenant, 100% vacant
Highest & Best Use:	
As Vacant:	Commercial development
As Improved:	Continued use
Legally Conforming:	Legal non-conforming
Valuation Summary:	
Direct Capitalization:	\$847,892
Sales Comparison:	\$875,904
Value Conclusion:	\$862,000



June 27, 2016

David Mango
Director of Building & Planning
City of Maywood
4319 East Slauson Avenue
Maywood, California 90270

Re: **5110 District Boulevard Office Building**

Dear Mr. Mango:

At your request, we physically inspected the commercial property located at 5110 District Boulevard, Maywood, California 90270 in order to prepare an appraisal report.

It is our opinion that, based on the data and analysis contained in the accompanying report, the fee simple market value of the subject property on June 21, 2016 was Eight Hundred Ninety Four Thousand Dollars.

\$894,000.00

Very truly yours,

A handwritten signature in black ink, appearing to read "Ben F. Tunnell III".

Ben F. Tunnell III
Chairman
Certified General Real Estate Appraiser
#AG006964

A handwritten signature in black ink, appearing to read "Stephen R. O'Rourke".

Stephen R. O'Rourke, ASA
Senior Vice President
Certified General Real Estate Appraiser
#AG036788

BT:kp
N4759.rpt



SUMMARY OF SALIENT FACTS & CONCLUSIONS

Client:	The City of Maywood
Owner:	The City of Maywood
Property Type:	Commercial
Property Location:	5110 District Boulevard Maywood, CA 90270
Assessor Parcel Number(s):	6313-001-901
Purpose of the Appraisal:	To estimate the value of the subject property.
Intended Use:	To assist the client in reviewing the asset value of the subject property.
Property Rights Appraised:	Fee Simple Estate
Date of Report:	June 27, 2016
Date of Value:	June 21, 2016
Parcel:	
Size:	11,480 square feet
Shape:	Triangular
Zoning:	CM, Commercial Manufacturing
Topography:	Level
Improvements:	
Gross Building Area (GBA):	7,199 square feet
Year Built:	1971
Parking:	20 spaces
Overall Condition:	Average (-)
Estimated Effective Age:	40 years
Estimated Remaining Economic Life:	10 years
Occupancy:	Single tenant, 100% vacant
Highest & Best Use:	
As Vacant:	Commercial development
As Improved:	Continued use
Legally Conforming:	Legal non-conforming
Valuation Summary:	
Direct Capitalization:	\$896,162
Sales Comparison:	\$892,676
Value Conclusion:	\$894,000

RE:

Paul A. Garcia

Fri 9/16/2016 4:44 PM

Inbox

To: 'David Mango' <David.Mango@cityofmaywood.org>;

Cc: mbmontgomery@hotmail.com <mbmontgomery@hotmail.com>;

David, i had a call with Mike yesterday informing him that we would take the counter offer of 850k for both buildings. I would like to close right away with the following terms.

100k down and they carry 750k for a period of 24 months at 5% interest only.

Please submit it on our behalf. Since we want to do the new building all with equity, we would like the state to carry the note.

Best,

Paul

From: David Mango [mailto:David.Mango@cityofmaywood.org]

Sent: Thursday, September 08, 2016 2:53 PM

To: Paul A. Garcia

Subject: RE:

Found it

From: Paul A. Garcia [mailto:pgarcia@acgcompanies.com]

Sent: Friday, August 12, 2016 3:13 PM

To: David Mango <David.Mango@cityofmaywood.org>

Subject:

David, good seeing you. Here is the PSA and the appraisals.

Sincerely,

Paul Garcia

Acer Capital Group, Inc.

19200 Von Karman Ave.

6th Floor